

# State Retirement Legislation in 2010 and 2011

NCSL LEGISLATIVE SUMMIT  
SAN ANTONIO, AUGUST 2011

**Ron Snell**

**National Conference of State Legislatures**

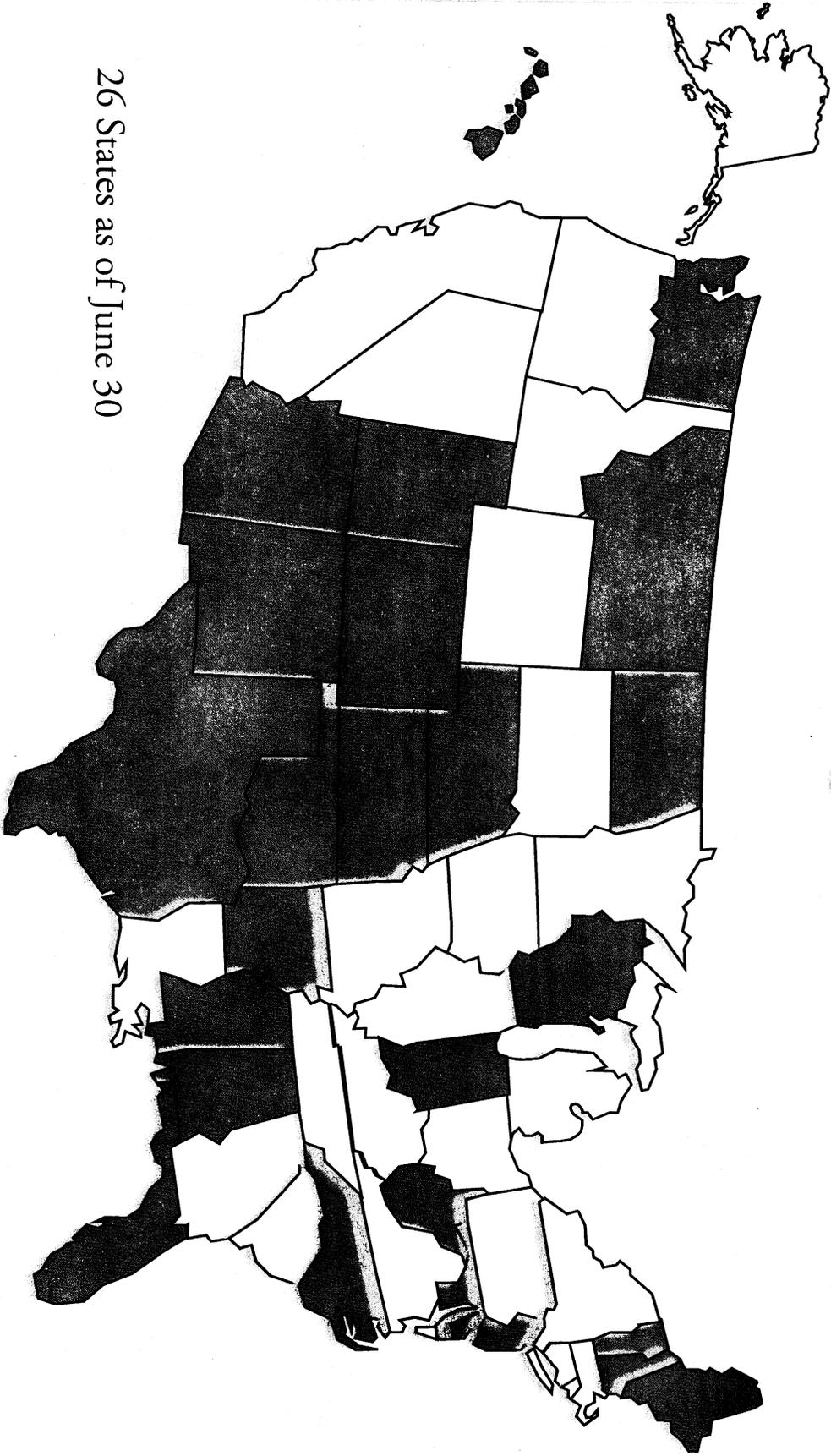
- In 2011, 26 states enacted significant changes in public pension plans by the end of June.
- In 2010, 21 states enacted changes. Some states acted in both years.
- Causes:
  - Concerns about the viability of retirement plan benefits and funding that date to the 2001 recession;
  - Severe investment losses in the 2007-2009 recession;
  - Demographic change and state fiscal conditions.

Major Persons Legislation in 2010-2011:  
All Topics



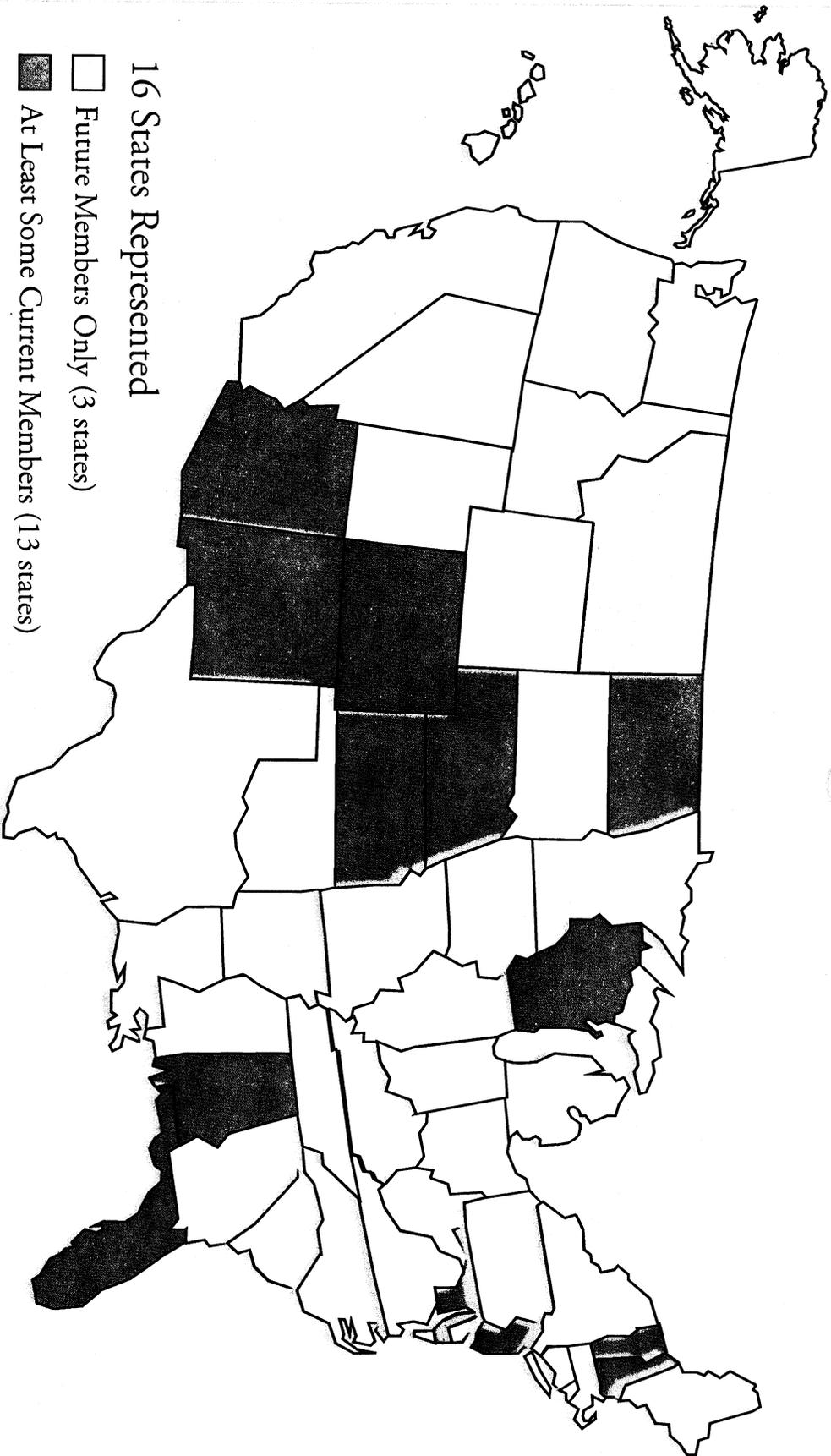
39 States Represented

Major Provisions Legislation in 2011: All Topics



26 States as of June 30

# Members in Employee Contributions, 2011

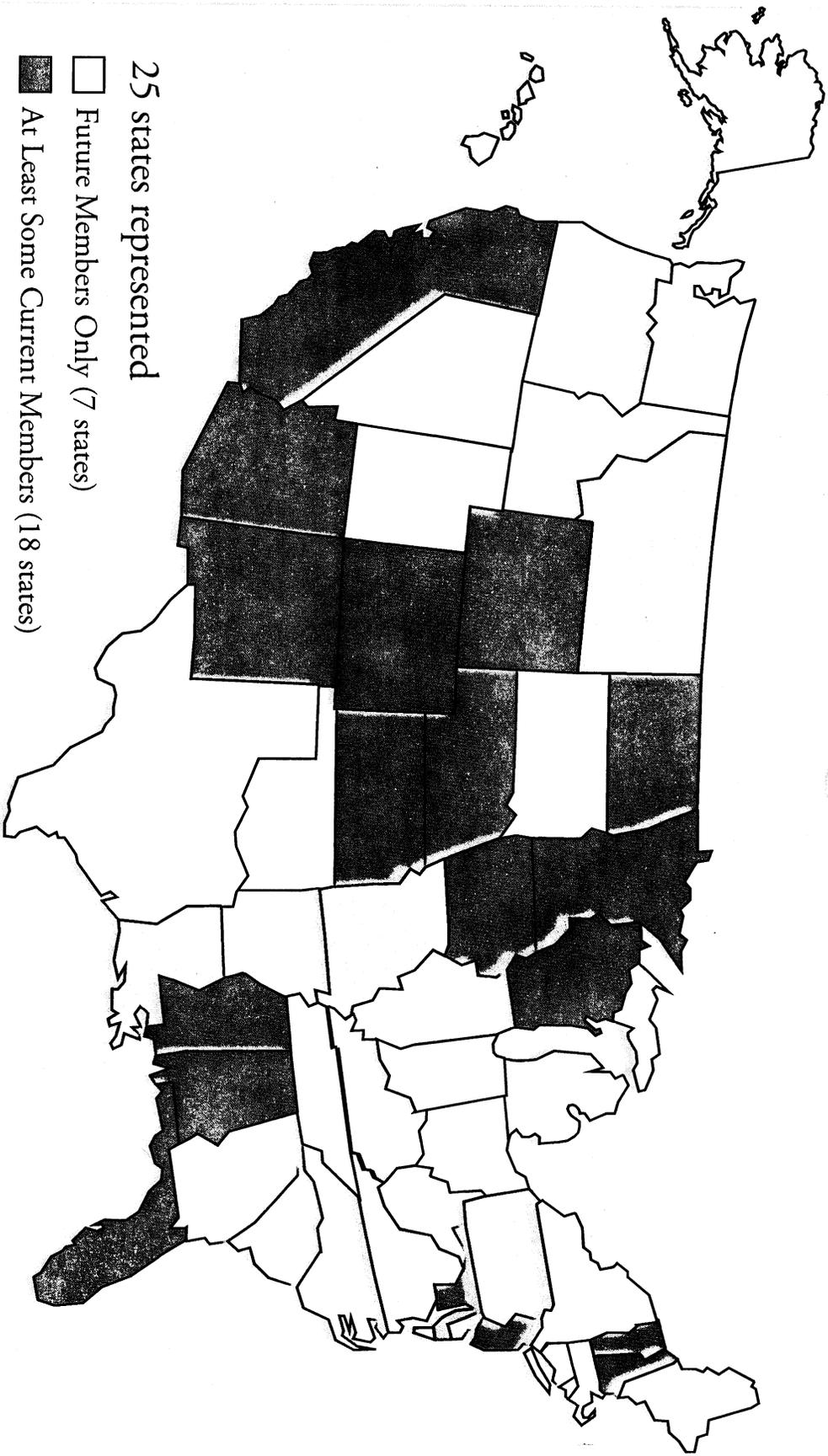


16 States Represented

□ Future Members Only (3 states)

■ At Least Some Current Members (13 states)

# Increases in Employee Contributions, 2010 and 2011



25 states represented

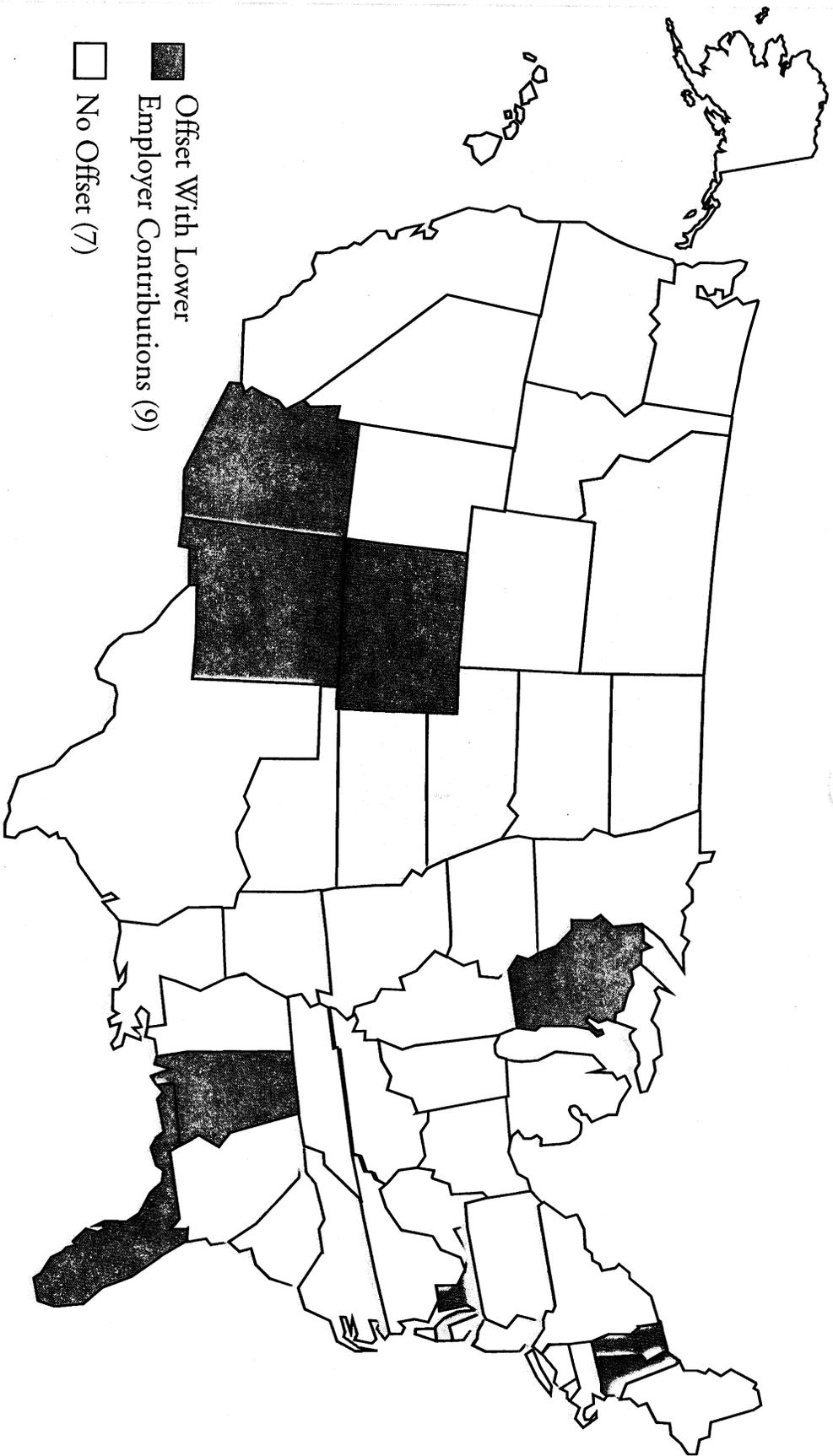
□ Future Members Only (7 states)

■ At Least Some Current Members (18 states)

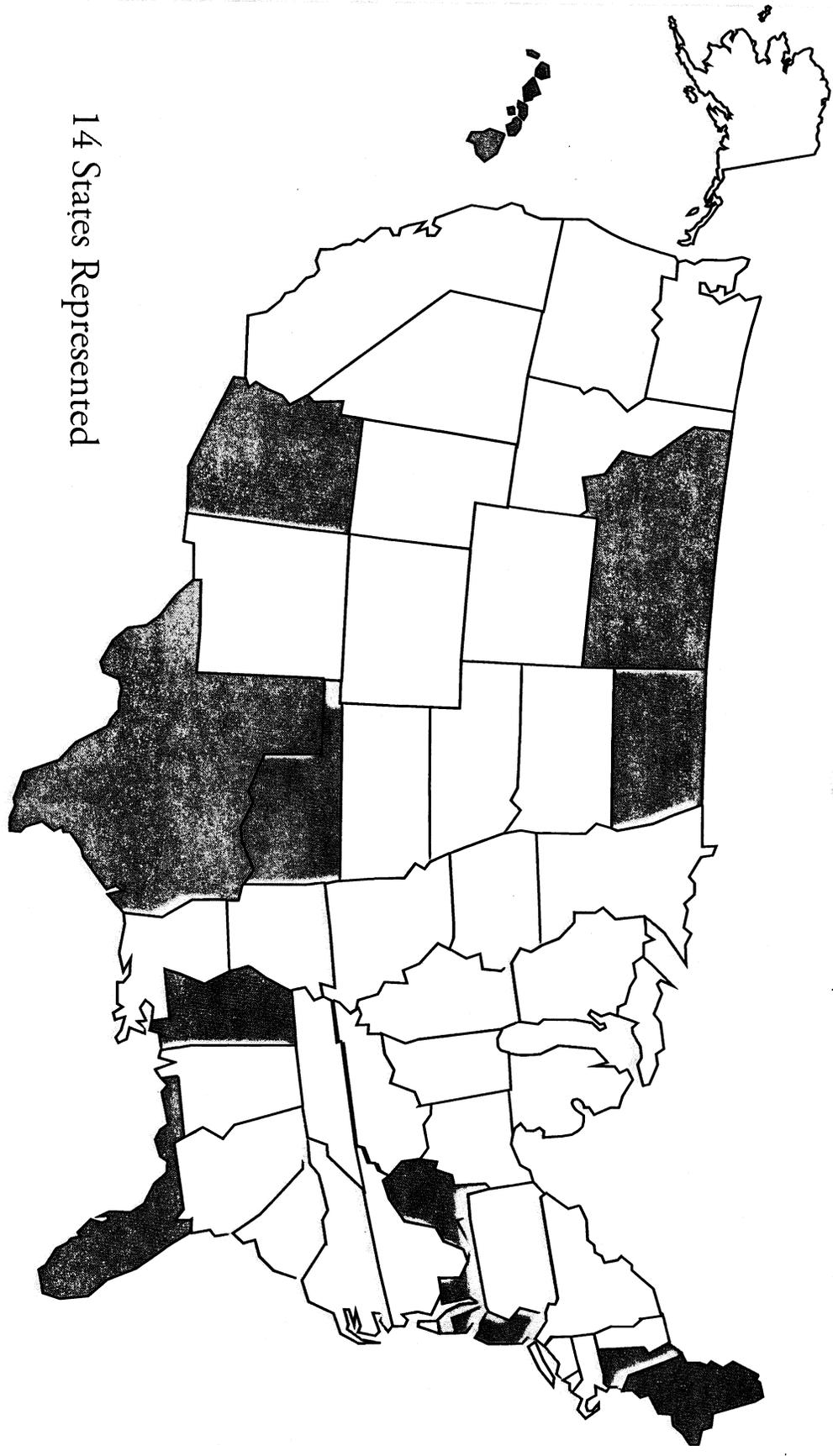
# Offsets in Employer's Employee Contributions 2011



- Offer With Lower Employer Contributions (9)
- No Offset (7)



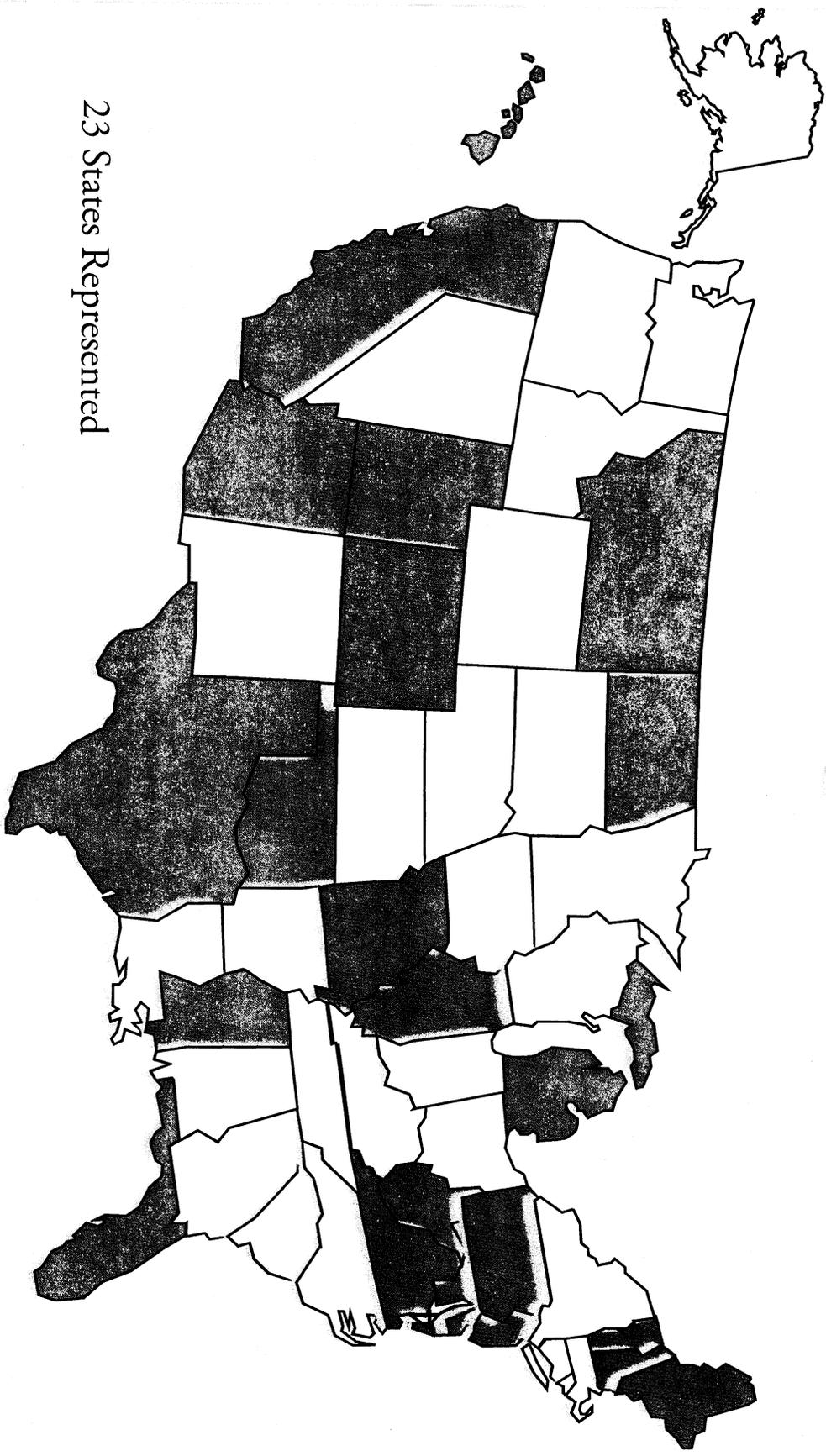
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ANN ARBOR MI 48106-1500  
734 763 1000



14 States Represented

THE HOUSE OF REPRESENTATIVES COMMITTEES FOR NOMINATIONS

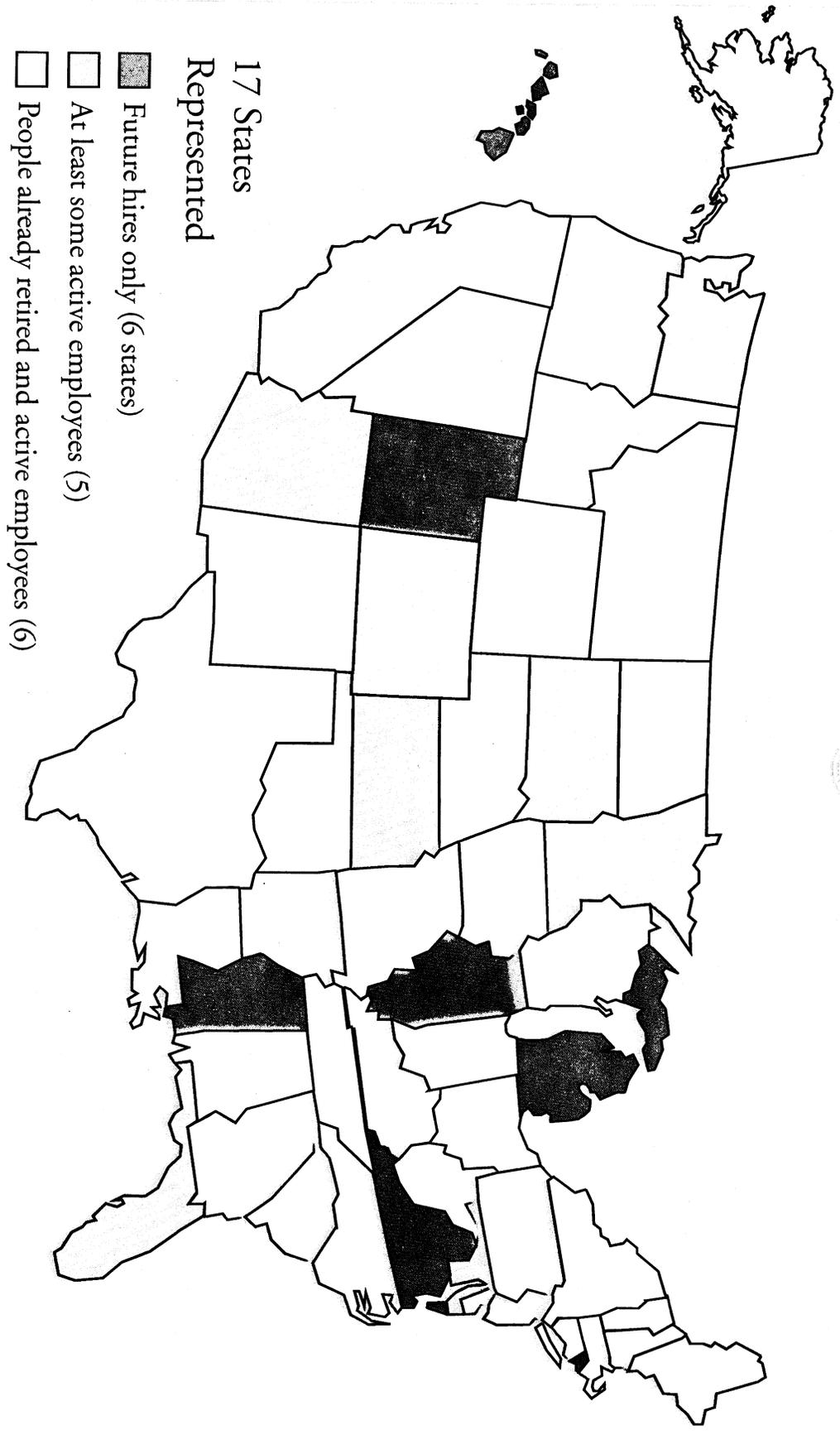
OFFICE OF THE CLERK OF THE HOUSE OF REPRESENTATIVES



23 States Represented

# Government People Increase

2010 and 2011



- Longer vesting period for new members -- 12 states.
- Longer period for calculating final average compensation (meaning a lower base for a pension in most cases) --13 states.
- Reduced benefit for early retirement -- 15 states. For current employees in 4 states.
- Greater restrictions on retirees' return to covered service -- all retirees -- 12 states.

- With two exceptions, states have revised rather than replaced traditional defined benefit pension plans.
- In 2010, Utah closed its DB plan for all state and local employees and is offering new employees a choice of a defined contribution plan and of a combined plan that includes a DB plan and a mandatory 401(k).
- Also in 2010, Michigan replaced its School Employees DB plan with a combined plan.
- Indiana created an alternative DC plan in 2011.



- Costs have been shifted to members through higher contributions, longer service requirements, higher ages for normal retirement, and lower post-retirement benefit adjustments.
- More restrictions on retirement before normal age and on retired people returning to covered service (often called "double-dipping").

- Most states that increased employee contribution requirements in 2011 offset them with lower employer contributions, at least temporarily.
- This is a trend toward equalizing the employer and employee contribution rates.
- Also helps balance to highly-stressed state budgets (and local government budgets in some cases).
- An employee dollar is not worth as much as an employer dollar, and the practices does not leave pension funds harmless.

- This report is based on NCSL's annual reports on state pensions and retirement legislation.

- The 2010 report, covering legislation enacted through November 15, 2010, is available on the NCSL website at

<http://www.ncsl.org/default.aspx?tabid=20836>

- Several 2011 reports are available at

<http://www.ncsl.org/Default.aspx?tabid=756&tabs=951.69.140#140>

- For further information:

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